

# Facilitating the Formation of Condominium Associations

Ekaterinburg, Russia

## Background

As citizens in the City of Ekaterinburg (population 1.6 million) purchased their apartments, homeownership began to resemble the Western condominium: multiple private and state owners shared an interest in the common areas and land parcels attached to their buildings. However, the public bodies regulating condominiums were unfamiliar with the concept, and homeowners themselves did not understand how to organize to better manage their housing. In 1994 the city initiated a program of assistance to resolve obstacles to condominium conversion; assist owner groups to organize and register; train local bodies in efficient registration; raise awareness of condominium ownership's benefits among owners, public authorities, and the public at large; and train condominium associations in conducting their affairs.

## Innovation

First, Ekaterinburg developed procedures to register condominiums and associations (as non-commercial entities). Then housing units were registered as condominiums, and the property registry database was modified to show that certain units belonged to registered condominium associations. Bureau of Technical Inventory staff, as well as real estate brokers and notaries, were trained in the purchase, sale, and registration of condominiums. After developing model budget and accounting, reporting, and auditing practices for owners associations, the city arranged to transfer housing subsidies to condominium associations (subsidies were previously transferred only to public maintenance bodies). The city also distributed information promoting condominium conversion in the standard packet of privatized housing registration paperwork. The Vice Mayor for Economics was actively involved in the project, and the City Housing Management Department, which acts on behalf of municipally-owned units in the condominium associations, also played a major role.

Once initial procedures and model documents were available, the program was expanded through a publicity campaign in Ekaterinburg and secondary cities throughout the region. Public service announcements were produced for television and broadcast widely in Ekaterinburg and elsewhere in Russia, and the newsletter "Tovarishstvo," which now has over 500 subscribers, was published to promote better self-management of housing by owners. The "Urals Regional Association of Homeowners," which seeks to promote the interests and rights of homeowners, was registered in Ekaterinburg. Affiliated associations are being organized in two other cities of the Urals.

## Results

The first condominium in Ekaterinburg was registered in November 1994. To date, more than 120 condominium associations have been formed and registered. Awareness of condominiums and owner associations has increased from less than 5 percent of households in the second quarter of 1995 to more than 25 percent of households in mid-1996. Long-term benefits to condominium owners include improved security of tenure and protection of property values through better management and maintenance. This security is expected to contribute to a more favorable environment for non-recourse mortgage lending and stimulate further housing and real estate privatization. This project has been replicated in the cities of Perm (population 1.3 million), Chelyabinsk (population 1.25 million), and Orenburg (population 650,000), as well as eight secondary cities ranging from 30,000 to 400,000 inhabitants.

## Summary

To facilitate the development of condominiums and owners associations, the City of Ekaterinburg undertook training of public bodies in efficient registration procedures and assisted homeowners to form effective associations. To date, more than 120 condominium associations have been formed and registered.

For more information contact:

**N.E. Kovayleva, Director,  
Urals Regional Association  
of Homeowners  
Tel. 7-3432-589500  
Fax 7-3432-514303**

**O.P. Cheprasova, Head,  
Ekaterinburg Bureau of  
Technical Inventory  
Tel. 7-3432-514447**

**N.M. Chernyshova, Head,  
Legal Registration  
Department, Ekaterinburg  
BTI  
Tel. 7-3432-511486**

**N.G. Zolotarevsky, Head,  
Municipal Housing Manage-  
ment Department  
Tel. 7-3432-511892/589430**